



January 31, 2007

Consolidated Financial Report for the Nine-Month Period Ended December 31, 2006

Nihon Unisys, Ltd.

--Listing: Tokyo Stock Exchange First Section, Code 8056 (URL <http://www.unisys.co.jp>)

1. Matters Concerning Consolidated Quarterly Results

(1) Adoption of simplified accounting method: Applicable

- For quarterly results, Nihon Unisys Group (the Group) does not recognize impairment losses of marketable securities whose fair value is readily determinable.

(2) Change in accounting treatment from latest fiscal year: Not applicable

(3) Change in the scope of consolidation and equity method: Applicable

Consolidation: Increase 2 Decrease 1 Equity method: Increase 1 Decrease 0

2. Financial Results for the Nine Months Ended December 31, 2006 (From April 1, 2006 to December 31, 2006)

(1) Results of operations

	Net Sales		Operating Income		Recurring Profit		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Nine Months Ended 12/31/06	194,497	1.9	(3,040)	-	(2,826)	-	(2,068)	-
Nine Months Ended 12/31/05	190,821	(1.4)	(4,037)	-	(4,204)	-	(2,798)	-
Fiscal Year Ended 3/31/06	317,486		5,065		4,870		1,889	

	Earnings per Share		Diluted Earnings per Share	
	yen		yen	
Nine Months Ended 12/31/06	(21.70)		-	
Nine Months Ended 12/31/05	(26.50)		-	
Fiscal Year Ended 3/31/06	17.77		17.71	

Note) Percentages above represent increase (decrease) over a year-ago period.

[Qualitative Information on the Progress of Operating Results (Consolidated)]

The Japanese economy continued its moderate expansion in the third quarter under review, but there are also cautious views about the future outlook due to the downturn of crude oil prices, slowing growth in capital investment and sluggish consumer spending. The information services market is also on an expansive path thanks to a solid recovery in corporate earnings. On the other hand, cost reduction by corporations, a cautious approach in making investments with a focus on return on investment (ROI) and the declining trend of IT product prices are expected to continue.

Under such circumstances, the Nihon Unisys Group steadily proceeded with its group trinity approach to 'strengthen sales abilities' and to 'strengthen technical abilities' for pursuing the transition to a high growth corporate group under the 'Growth Plan 2006-2007.'

During the third quarter under review, the Group steadily executed its service business while adding 6 models to its mission critical server 'Unisys Enterprise Server ES7000/one' series and also launching the 'CS680L Series' large scale enterprise server for use as a hardware platform to build mission critical system infrastructure. These servers feature significant performance improvement and flexible expandability with their use of dual core processors and Unisys Corporation's original technology. Also, as part of our approach towards the practical application of cutting edge technologies, the Group applied for and was selected for the Ministry of Economy, Trade and Industry's FY2007 'Multi Code Interoperation Project' which is part of the 'Improved Energy Consumption RFID Tag System Research and Development (RFID Tag Field Trial),' and the Group is proceeding with cooperation between business and government.

As for the Group's efforts during and after the fourth quarter, we will pursue further business expansion by securing more orders for large scale system construction using open systems and will make greater efforts towards the stable operation of our customers' systems.

As for consolidated performance in the nine-month period under review, system service sales centered on service and software sales increased, while hardware sales decreased due to slow open system sales. As a result, consolidated net sales were ¥194,497 million, up 1.9% from the same period of the previous year.

As for profits, the group had some cost overrun projects in system services and experienced a decrease in software profitability, but proceeded with the reduction of various costs. As a result, the group posted a consolidated operating loss of ¥3,040 million in the nine-month period under review against a loss of ¥4,037 million in the previous year. Recurring loss was ¥2,826 million against a loss of ¥4,204 million in the previous year. Net loss improved to ¥2,068 million as compared to a loss of ¥2,798 million in the previous year.

(Characteristics of the Group's Quarterly Results)

(1) As the Group recognizes revenues of contracted systems development upon completion of the inspection of the systems by the customer, and as most of the inspections are done in the second and fourth quarter, substantial portion of sales and profits are recognized in those periods.

(2) With regard to sales of hardware and software, most of the sales and profits are recognized in the second and fourth quarter, as most shipments are done in those periods.

These characteristics stated above are industrial trends surrounding the Group, not a special phenomenon that occurs only in this period.

(2) Financial condition

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
December 31, 2006	222,290	80,723	36.0	832.98
December 31, 2005	227,752	93,486	41.0	888.85
March 31, 2006	243,931	80,850	33.1	857.54

[Cash flows]

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Period
	millions of yen	millions of yen	millions of yen	millions of yen
Nine Months Ended 12/31/06	(6,034)	(26,077)	21,994	20,710
Nine Months Ended 12/31/05	(4,748)	(14,696)	17,416	23,955
Fiscal Year Ended 3/31/06	18,977	(19,303)	5,169	30,827

[Qualitative Information on Changes in the Financial Position (Consolidated)]

The Group booked an increase in inventories and intangible fixed assets due to the development of software for outsourcing services and in investment securities, but accounts receivable-trade decreased and prepaid expenses decreased due to the treating of fees for the provision of both technical information and support and license fees to Unisys Corporation as costs. As a result, total assets were ¥222,290 million as of the end of the third quarter under review, a decrease of ¥5,462 million from a year ago.

With regard to cash flows, cash and cash equivalents at the end of the third quarter stood at ¥20,710 million, down ¥10,116 million from the previous year.

Net cash used in operating activities was ¥6,034 million, an increase of ¥1,285 million from the previous year, mainly due to a substantial decrease in accounts payable-trade from the payment to Unisys Corporation of the remaining amount of the one-time license fees, etc. in accordance with the revision in the agreement for provision of technical information and support and license fees.

Net cash used in investing activities was ¥26,077 million, up ¥11,381 million from a year earlier, chiefly because of the purchase of investment securities and intangible assets resulting from the development of software for outsourcing services.

Net cash provided by financing activities was ¥21,994 million, up ¥4,577 million from the preceding year, as a result of an outflow from the redemption of commercial paper and inflows generated by new loans and income from the sale of treasury stocks.

[Reference] Earnings Forecast for Fiscal Year Ending March 31, 2007 (from April 1, 2006 to March 31, 2007)

	Net Sales	Operating Income	Recurring Profit	Net Income
	millions of yen	millions of yen	millions of yen	millions of yen
Full-Year	327,000	6,000	5,900	3,100

Reference) Expected earnings per share (full-year basis): 32.33 yen

[Qualitative Information on Earnings Forecast]

The Group's earnings forecast has not been revised from the previous announcement which was made on October 31, 2006.

All the numbers regarding forecast are best estimate using information available as of today and decision based on them. You are advised that the final results might be different from the ones in this package due to changes of economy, market, or unknown factors today, etc.

(Appendix)**Consolidated Financial Statements (Summary)****Orders and Sales**

(Appendix)

1. Consolidated Financial Statements (Summary)

CONSOLIDATED STATEMENTS OF INCOME (SUMMARY)

	Nine months ended December 31, 2006	Nine months ended December 31, 2005	Increase (decrease)		Year ended March 31, 2006
			Amount	% change	
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
I Net sales	194,497	190,821	3,675	1.9	317,486
II Cost of sales	156,435	149,028	7,407	5.0	248,552
Gross profit	38,061	41,793	(3,731)	(8.9)	68,934
III Selling, general and administrative expenses	41,102	45,831	(4,728)	(10.3)	63,868
Operating income (loss)	(3,040)	(4,037)	997	-	5,065
IV Non-operating income					
1 Interest and dividend income	210	162	48	30.1	170
2 Gain on sales of listed securities	56	83	(27)	(32.9)	169
3 Foreign exchange income	306	-	306	-	-
4 Other	166	146	19	13.6	263
V Non-operating expenses					
1 Interest expense	493	343	149	43.4	457
2 Foreign exchange loss	-	176	(176)	-	288
3 Other	32	38	(6)	(16.1)	53
Recurring profit (loss)	(2,826)	(4,204)	1,378	-	4,870
VI Extraordinary gains	25	265	(240)	(90.3)	243
VII Extraordinary losses	309	311	(1)	(0.5)	795
Income before income taxes and minority interests	(3,110)	(4,250)	1,139	-	4,318
Income taxes	(1,156)	(1,511)	355	-	2,335
Minority interests	113	59	53	89.8	93
Net income (loss)	(2,068)	(2,798)	730	-	1,889

CONSOLIDATED STATEMENTS OF BALANCE SHEETS (SUMMARY)

	December 31, 2006	December 31, 2005	Increase (decrease)		March 31, 2006
			Amount	% change	
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
(ASSETS)					
I Current assets					
1 Cash and time deposits	20,720	23,295	(2,575)	(11.1)	30,837
2 Notes receivable and accounts receivable-trade	41,681	48,441	(6,759)	(14.0)	80,709
3 Inventories	37,725	36,262	1,462	4.0	19,321
4 Deferred tax assets	11,589	10,305	1,283	12.5	10,372
5 Prepaid expenses	8,023	16,775	(8,751)	(52.2)	17,109
6 Other	2,068	2,793	(724)	(25.9)	1,477
Allowance for the doubtful debts	(41)	(64)	22	(35.0)	(63)
Total current assets	121,767	137,810	(16,042)	(11.6)	159,763
II Fixed assets					
1 Property and equipment	18,944	21,820	(2,875)	(13.2)	21,329
2 Intangible fixed assets	31,717	23,866	7,850	32.9	23,049
3 Investment and other assets					
(1) Investment securities	18,458	10,544	7,914	75.1	11,295
(2) Deferred tax assets	8,814	8,938	(123)	(1.4)	7,262
(3) Prepaid pension costs	11,656	10,820	835	7.7	10,455
(4) Deposit	9,255	9,325	(70)	(0.8)	9,370
(5) Other	2,321	5,136	(2,814)	(54.8)	2,058
Allowance for doubtful debts	(644)	(510)	(134)	26.3	(653)
Total fixed assets	100,522	89,942	10,580	11.8	84,167
Total assets	222,290	227,752	(5,462)	(2.4)	243,931
(LIABILITIES)					
I Current liabilities					
1 Notes payable and accounts payable-trade	23,325	36,169	(12,843)	(35.5)	53,819
2 Short-term borrowings	22,930	1,050	21,880	2,083.8	5,960
3 Current portion of long-term loans payable	1,637	5,819	(4,181)	(71.9)	2,050
4 Commercial paper	16,000	24,000	(8,000)	(33.3)	20,000
5 Income taxes payable	771	222	548	247.1	3,050
6 Accrued expenses	10,297	11,749	(1,452)	(12.4)	14,809
7 Allowances	889	952	(63)	(6.6)	1,303
8 Other	18,898	17,833	1,065	6.0	18,654
Total current liabilities	94,749	97,795	(3,045)	(3.1)	119,648
II Long-term liabilities					
1 Bonds	8,000	8,000	-	-	8,000
2 Long-term loans payable	34,800	19,037	15,762	82.8	27,125
3 Allowances	1,674	2,335	(660)	(28.3)	1,958
4 Other	2,343	6,462	(4,119)	(63.7)	5,678
Total long-term liabilities	46,817	35,835	10,982	30.6	42,762
Total liabilities	141,567	133,631	7,936	5.9	162,410

	December 31, 2006	December 31, 2005	Increase (decrease)		March 31, 2006
			Amount	% change	
Minority interests	Millions of yen -	Millions of yen 634	Millions of yen -	% -	Millions of yen 670
(SHAREHOLDERS' EQUITY)					
I Common stock	-	5,483	-	-	5,483
II Capital surplus	-	15,286	-	-	15,288
III Retained earnings	-	73,700	-	-	78,388
IV Net unrealized gain on securities	-	3,208	-	-	3,285
V Deposit of the execution of stock option rights	-	8	-	-	2
VI Treasury stock	-	(4,200)	-	-	(21,597)
Total shareholders' equity	-	93,486	-	-	80,850
Total liabilities, minority interests and shareholders' equity	-	227,752	-	-	243,931
(NET ASSETS)					
I Shareholders' equity					
1 Common stock	5,483	-	-	-	-
2 Capital surplus	15,535	-	-	-	-
3 Retained earnings	75,955	-	-	-	-
4 Treasury stock	(19,242)	-	-	-	-
5 Deposit of the treasury stock	13	-	-	-	-
Total shareholders' equity	77,745	-	-	-	-
II Valuation and translation adjustments					
1 Net unrealized gain on securities	2,168	-	-	-	-
2 Deferred gain and losses on hedges	3	-	-	-	-
3 Foreign currency translation adjustments	0	-	-	-	-
Total valuation and translation adjustments	2,172	-	-	-	-
III Common stock acquisition rights	26	-	-	-	-
IV Minority interests	778	-	-	-	-
Total net assets	80,723	-	-	-	-
Total liabilities and net assets	222,290	-	-	-	-

CONSOLIDATED STATEMENTS OF CASH FLOWS (SUMMARY)

	Nine months ended December 31, 2006	Nine months ended December 31, 2005	Year ended March 31, 2006
	Millions of yen	Millions of yen	Millions of yen
I Cash flows from operating activities:			
Income before income taxes and minority interests	(3,110)	(4,250)	4,318
Depreciation and amortization	10,141	10,839	15,735
Gain on sales of investment securities	(56)	(83)	(169)
Decrease in allowances	(731)	(197)	(80)
Decrease in accounts receivable-trade	39,217	36,708	4,477
Increase in inventories	(18,403)	(21,046)	(4,105)
Decrease (increase) in accounts payable-trade	(30,529)	(3,411)	14,247
Other-net	1,502	(20,495)	(12,296)
Subtotal	(1,970)	(1,936)	22,127
Interests and dividend received	206	163	172
Interest paid	(394)	(295)	(472)
Income taxes paid	(3,876)	(2,679)	(2,850)
Net cash used in operating activities	(6,034)	(4,748)	18,977
II Cash flows from investing activities:			
Payment for purchases of property and equipment	(3,637)	(5,920)	(7,735)
Proceeds from sales of property and equipment	40	355	338
Payments for purchase of intangible fixed assets	(13,496)	(9,176)	(11,381)
Payments for purchase of investment securities	(8,908)	(96)	(787)
Proceeds from sales of investment securities	75	111	299
Payments for purchase of subsidiaries shares, resulting in change of consolidation scope	(150)	-	-
Other-net	0	29	(37)
Net cash used in investing activities	(26,077)	(14,696)	(19,303)
III Cash flows from financing activities:			
Net increase in short-term borrowings	16,970	56	4,966
Proceeds from long-term loans payable	8,600	5,000	13,800
Payments of long-term loans payable	(1,337)	(3,964)	(8,446)
Net increase (decrease) in commercial paper	(4,000)	18,000	14,000
Sale of treasury stock	2,170	-	-
Purchase of treasury stock	(1)	(826)	(18,263)
Proceeds from exercise of stock options	443	52	88
Cash dividends paid	(691)	(770)	(793)
Other-net	(160)	(130)	(181)
Net cash provided by financial activities	21,994	17,416	5,169
IV Effect of exchange rate changes on cash and cash equivalents	0	-	-
V Net decrease (increase) in cash and cash equivalents	(10,116)	(2,028)	4,843
VI Cash and cash equivalents, beginning of period	30,827	25,983	25,983
VII Cash and cash equivalents, end of period	20,710	23,955	30,827

2. Orders and Sales

(1) Orders

	Orders		Backlog	
	Nine month ended December 31, 2006	Percentage change from the nine months ended December 31, 2005	Nine month ended December 31, 2006	Percentage change from the nine months ended December 31, 2005
	Millions of yen	%	Millions of yen	%
Services	132,341	+12.7	104,123	+6.3
Software	26,943	+10.3	17,587	+6.1
Hardware	34,955	-31.3	21,271	+7.4
Total	194,240	+0.8	142,982	+6.5

(Notes) Backlog is the amount expected to be filled within a year.
Orders and backlog are calculated on contracts.

(2) Sales

	Nine month ended December 31, 2006	Percentage change from the nine months ended December 31, 2005
	Millions of yen	%
Services	124,079	+3.3
Software	28,959	+4.2
Hardware	41,459	-3.4
Total	194,497	+1.9

(Notes) The above amount doesn't include consumption tax.